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**Sent:** April 13, 2022 11:26 PM  
**To:** Office of the Legislative Counsel  
**Subject:** Non-Resident Tax  
**Attachments:** Presentation to Law Amendments Committee.docx

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Attached are my remarks for the April 14th meeting.

David McVay

## Our Story:

- My wife Sheila and I are Nova Scotians raised in Mahone Bay where my father was a boat builder.
- After graduating from Acadia, my career took us to Ontario where we have lived for the last 50 years.
- Every year, we returned **home** for summer holidays and to visit family and friends at Christmas.
- 25 years ago, we bought a one-bedroom cottage on Marvins Island in Chester Basin.
- After retiring 15 years ago, we are now able to spend summers at the cottage and stay there when we visit for the holidays.
- Our story is probably quite like many Nova Scotians, here and away, who have a primary residence and a vacation home.
- **I ask you, why should Canadians who chose to have their vacation home in another Province be treated any differently than Canadians who choose to have their vacation home in their own Province?**

## The arguments against the tax:

- I have been impressed by the compelling arguments made to this committee by eminent Canadians about why this tax is ill advised. I

would like to focus on an area that has received little discussion.

- **I believe this tax is against Canadian Taxation Principles and may be Unconstitutional**
  - Section 91.3 of the Canadian Constitution defines the taxing authority of the Federal Government and Provinces. In short:
    - The Federal Government has exclusive authority to tax Canadians across Provinces. Income and Goods and Services taxes are the primary tools.
    - Provinces have the authority to tax their primary residents for Provincial services provided mainly using income and sales taxes.
    - While not defined in the Constitution, Municipalities have been granted authority by Provinces to fund their services through property taxes.
  - While the Provincial Government has labelled the 2% tax on the assessed value of properties held by non-residents a “Property Tax”, it is not administered by Municipalities who have that authority nor do the funds flow to Municipalities for their services.
  - It is clearly a **wealth tax** on secondary real estate wealth. Yet it is not being applied against Nova Scotia residents where the

Province has the taxing authority, but to residents of other Provinces. This is in contravention of the exclusive authority of Provinces to tax their voters.

- This is also **taxation without representation** in violation of a core principle of our taxation system.
- **The issue of real estate price escalation and access to affordable housing is being dealt with by the Federal government.**
  - The recent Federal Budget:
    - prohibits foreign purchases of non-recreational, residential property in Canada for two years. Note their focus in non-recreational properties and there is a time limit.
    - Further, any person who sells a property they have held for less than 12 months will be taxed on the gain as business income rather than capital gains.
    - And a new housing accelerator fund is meant to stimulate the pace of housing supply growth.
  - But even more impactful, The Bank of Canada has increased the bank rate by .75% so far this year with more to come. This is sure to dampen demand as well

making real estate speculation less attractive.

**In conclusion:**

- I am asking the government to ditch the 5% deed transfer tax and the 2% non-resident Wealth Tax.
- At the very least, like the foreign buyers tax, recreational properties should be excluded and current owners of family homes should be grandfathered.
- The problem of real estate speculation and escalating house prices is likely to be substantially addressed by the Federal initiatives and increasing interest rates.
- The issue of affordable housing is one of supply of primary residences in urban areas which I encourage this government to address through targeted measures.

**I welcome your questions.**